



## MEMBERSHIP OVERVIEW

# Beyond Budgeting Roundtable

*Join the Network*

### What is the BBRT?

The BBRT is an independent, international research and shared learning collaborative. It is a network of member organizations with a common interest in transforming their management models to enable sustained, superior performance. Two of our founders, Jeremy Hope and Robin Fraser, undertook the initial case-based research in which they identified the new model and later explained it in their book “*Beyond Budgeting*” published by Harvard Business School Press in 2003. The BBRT’s research continues with its outputs (e.g. case studies and papers giving insights into the model and how to implement it) being shared internationally among our expanding global network.

In addition to general BBRT meetings, other membership activities include special interest groups (e.g. Financial Services, Public Sector). The BBRT is a network of people with an interest in implementing the new model. As it is not a standardized solution, every journey is different. The 12 principles are our “compass”. Members draw on the experience of others, but what they do and how they do it is up to them. We welcome organizations from any sector and individuals from any function that want to learn and improve their management models or help others to do so. We also welcome management consultants and IT companies who want to develop client-based solutions based on the principles. And we collaborate with academics and specialists.

The BBRT sees its mission as “*advancing performance management practices worldwide to enable sustained high performance in turbulent conditions*”. It aims to do this by growing the BBRT community in a number of ways:-

- **By being global** – Enabling organizations to participate globally, and sharing the results worldwide among all members.
- **By meeting common interests** – By inviting organizations to join Special Interest Groups (SIG) that are focused on topics that people in similar or different organizations can share their common interest and find practical solutions.
- **By widening membership** – By engaging with a wider range of industries (e.g. Public sector, not just ‘For Profit’) and functions (e.g. HR, not just Finance), and attracting and retaining advanced members (e.g. Our cases, even Handelsbanken).
- **By working with partners** – By achieving gearing in our efforts (e.g. by promoting the diagnostic and workshops with major consulting firms; and by supporting the marketing efforts of software companies).
- **By offering a menu of services** - Not just one service for all, but a range of services, including General Membership (*mandatory*), and Special Interest Groups.

The BBRT (Beyond Budgeting Round Table) is at the centre of an international movement to improve the performance management of organizations. We invite you to join us to add strength to the movement, share in the learning process, and fund further research and development. Our aim is to help your organization to achieve sustainable high performance relative to your peers. We explain in this prospectus what you can gain if you become a BBRT member. If you wish to join us, please request a membership application form.

### What is the BBRT trying to do?

The BBRT was founded in 1998 in response to widespread dissatisfaction with the ‘command and control’ management model. This ‘traditional’ model is characterised by its functional hierarchy, centralized decision making and management processes that use fixed performance contracts (e.g. budgets). It evolved during the early part of the last century to meet ‘Industrial Age’ conditions where *efficiency* was the critical success factor. It is based on ‘division of labour’ and this led over the years in manufacturing companies to a fifty fold increase in productivity.

While the ‘traditional’ model was right for those times when suppliers not customers were in charge it cannot cope effectively with the complex and dynamic conditions that organizations face today in a highly competitive environment. Success in free market economies depends on performing well not just on the *single* factor, efficiency, but on *multiple* competitive success factors (e.g. fast response, continuous innovation, low costs, customer intimacy, best people, and effective governance). To succeed on all of these factors requires a different management model, yet very few organizations have adopted one. In fact, almost everyone in the world today uses a management model based on the traditional ‘command and control’ model.

Today’s conditions require adaptability, flexibility and agility to cope with the turbulence of global business. The alternative, ‘Beyond Budgeting’ management model is an ‘innovation age’ model that addresses these conditions and recognises that organisations should be seen as living systems where the whole is greater than the sum of the parts. It is often characterized by devolved decision making (not centralized) and uses adaptive (not fixed) performance management processes. Companies that have adopted such a model (e.g. Swedish bank, *Handelsbanken*, German retailer, *ALDI*, and Japanese automotive manufacturer, *Toyota*) have achieved outstanding success and sustained it consistently over several decades

## What is the new model?

From its case based research in organizations that perform exceptionally well, the BBRT identified a set of twelve principles (see Table 1). The first six principles are concerned with taking the right leadership actions to address the drivers of change, and the second six align management processes with leadership actions. The contrasts in the table (i.e. the do’s and don’ts) show the differences in practice between the new and traditional models. The new model is in tune with today’s competitive environment, and it has the potential for universal application, although its specific design will be unique for each application.

<b>Table 1 - The 12 principles of the new model</b>	
<b>Leadership actions</b>	
<b><i>Governance &amp; transparency</i></b>	
1. Values	Govern through a few clear values, goals and boundaries; <i>not detailed rules and budgets</i>
2. Performance	Create a high-performance culture based on relative success; <i>not meeting fixed targets</i>
3. Transparency	Promote open information for self-management; <i>don't restrict it hierarchically</i>
<b><i>Accountable teams</i></b>	
4. Organization	Organize as a network of lean, accountable teams; <i>not around centralized functions</i>
5. Autonomy	Give teams the freedom and capability to act; <i>don't micro-manage them</i>
6. Accountability	Focus everyone on improving customer outcomes; <i>not on hierarchical relationships</i>
<b>Aligning management processes with leadership actions</b>	
<b><i>Goals &amp; rewards</i></b>	
7. Goals	Set relative goals for continuous improvement; <i>don't negotiate fixed performance contracts</i>
8. Rewards	Reward team-based success based on relative performance; <i>not on meeting fixed targets</i>
<b><i>Planning &amp; controls</i></b>	
9. Planning	Make planning a continuous and inclusive process; <i>not a top-down annual event</i>
10. Coordination	Coordinate interactions dynamically; <i>not through annual planning cycles</i>
11. Controls	Base controls on relative indicators and trends; <i>not variances against plan</i>
<b><i>Resource management</i></b>	
12. Resources	Make resources available as needed; <i>not through annual budget allocations</i>

## What is the first step?

Peter Drucker foresaw that changing conditions would require a fundamentally different management model. This paradigm shift has now begun. As in the last century when pioneers such as *Ford*, *Du Pont* and *General Motors* adopted the 'industrial age' model, others saw and then followed their success and finally it became the standard, but this took time. We can expect to see the same pattern with the new model. We already have pioneers. The best of these are outstandingly successful, yet the traditional model still remains the standard, adopted by the vast majority of organizations. Early adopters will face challenges, fighting against tradition, but they should benefit greatly, as the pioneers have done, by gaining a head start on their competitors. Some may feel that it is a risk to make changes as profound as those required to introduce the new model, but the greater risk (although this risk may not be visible today) is to continue to use the traditional model – a model that works *against* human nature; is *not* aligned with today's competitive success factors; and is *not* supported by today's most relevant management sciences, management cybernetics and systems theory. So, if present trends continue, changing the model will not so much be a matter of *whether*, but *when*. Joining the BBRT should be your first step on this journey.

## What are the benefits for your organization?

**FASTER RESPONSE** – Beyond Budgeting organizations operate with speed and simplicity. Simplicity comes from reducing complexity in the management process. This can best be achieved by giving front line people the scope to act immediately and decisively within clear principles, values and strategic boundaries. Operating within a flexible network is also important to enable people to respond quickly to customized requests by reconfiguring processes. But by making strategy an open, continuous and adaptive process is the key element in a fast response organization. It enables an organization to react to emerging threats and opportunities as they arise rather than being constrained by a fixed and outdated plan. Underlying all these approaches is the shredding of bureaucracy that still plagues most organizations.

**INNOVATIVE STRATEGIES** – In Beyond Budgeting organizations, people work within an open and self-managed environment. Clear governance principles set the right climate and build the mutual trust needed to share knowledge and best practices. This is encouraged by moving away from incentives based on fixed performance targets locked into the budget (a formidable barrier to sharing and cooperation) to rewards based on performance relative to the peers.

**LOWER COSTS** – Only by seeing process as supplier-customer relationships will people respond to demands for improvement in quality and cost. And only by eradicating the mentality surrounding traditional budgets (which fix a floor and ceiling on costs) will people be motivated to question fixed costs and seek sustainable long term cost reductions. Operating managers and front line people are able to base requests on resources as needed rather than viewing them as 'entitlements'. Just asking the question, "does it add value to the customer?" often ensures that unnecessary work is eliminated.

**MORE LOYAL CUSTOMERS** – Beyond Budgeting organizations place customer value needs at the centre of their strategy and adapt their processes to satisfying and even delighting them. Fast response to customer requests is vital. Thus front line people must have the authority to make quick decisions and manage their own bit of the business such that the overall organization becomes much more competitive than its competitors.

## BBRT® Membership

BBRT membership is very valuable. It offers support and a shared learning network of active evaluators, implementers and users of the Beyond Budgeting model.

**GENERAL MEMBERSHIP** – Joining the BBRT as a General Member is a requirement before members can join Special Interest Groups. General membership fees are used to fund the BBRT's global efforts and on-going research. For a relatively low annual fee, offer members the following benefits:

- Shared learning network** - Joining the BBRT shared learning network
- Proprietary material** - Access to accumulated and new intellectual capital (case studies, research reports, meeting notes etc.) for in-house (not commercial) use
- BBRT meetings** - Attendance by individuals at any BBRT general meetings worldwide (regional members can only participate *individually* in meetings in other regions). The BBRT meetings enable the network of members to meet to share experiences and learn from each other and from research and presentations. The meeting agendas are focused on issues relating to evaluation, development and implementation of the Beyond Budgeting model. Up to six people attend for free, additional people are negotiable.
- Beyond Budgeting Implementation Guide** – Access to the comprehensive, interactive online BBRT Beyond Budgeting Implementation Guide, located within the private BBRT Members' Community
- BBRT Implementers Group** – Participation in the more informal BBRT Implementers Group, a forum for the exchange of ideas, experiences and information on Beyond Budgeting implementation with other BBRT members who are in various stages of implementation. This group meets via twice yearly physical meetings and via regular teleconferences.
- BBRT research** – BBRT research and deliverables develop the Beyond Budgeting model, drive the agenda for BBRT meetings and help members address implementation issues. Members' needs are closely reflected.
- Research reports** – 10-12 research reports each year on relevant Beyond Budgeting topics for use within your organization, plus case study reports.
- Diagnostic** – Use of the BBRT's web-based diagnostic by individuals and also by groups for which in-house custom reports may be run that compare anonymously the views of each individual against the range of views of their peers to facilitate discussion of the model. These reports help your organization make the case for change, begin the transformation of your management model and plan the next steps.
- Web-based Member Community** - Access to the private BBRT web site Members' Community from which all existing proprietary material may be downloaded
- Communication** – Web site plus frequent email newsletters

**SPECIAL INTEREST GROUPS (SIG)** – These enable organizations to join groups that are addressing their particular interests and share the results. Joining SIGs is optional to members. SIGs are normally organized within regions but are coordinated and share knowledge globally. SIGs are the main vehicle for new research. For an annual membership fee, SIGs offer the following benefits:

- Focus on specific areas of interest (e.g. industry reference models, performance management best practice, regional/cultural groups)
- Separate SIG meetings in addition to general BBRT meetings
- Facilitator and research support with requisite expertise
- Global research input and coordination across BBRT regions
- Attendance at any SIG meetings worldwide on the same topic

- |   |
|---|
| <ul style="list-style-type: none"><li>❑ Specific SIG deliverables in timeframes to meet SIG member needs</li><li>❑ Research results only released generally with due recognition of SIG members interests</li></ul> |
|---|

Current SIGs include:

- Public sector
- Financial services
- Healthcare

The BBRT caters for a range of needs. People who just want to learn about the Beyond Budgeting model will benefit from General Membership. They will hear the presentations at BBRT general meetings, become part of the BBRT network, learn from those who are implementing the Beyond Budgeting model, gain access to the BBRT's intellectual property, and use its diagnostics and survey. People who have already started to implement the Beyond Budgeting model can join a Special Interest Group (SIG) and address issues of common interest with others who seek practical solutions, or share experience with the leaders globally in implementing and evolving Beyond Budgeting models. The BBRT is growing; join our journey and help us fulfil our mission of advancing performance management worldwide.

## What does membership cost?

Membership extends for 12 months from the effective date of joining. The annual fees are as follows:

- **GENERAL MEMBERSHIP – GLOBAL:** This allows members of a global organization to participate in all BBRT meetings in any region. The fee is £9,000 (or €13,000 in Europe and \$15,000 in North America).
- **GENERAL MEMBERSHIP – REGIONAL:** The fee for organizations that only wish to participate in one region is £6,000 per annum (€9,000 or \$10,000 p.a.). This option limits regional organization to participation in BBRT meetings in the chosen region, although members in Europe may *individually* attend meetings in other regions.
- **SPECIAL INTEREST GROUPS:** The fees for joining SIGs are typically £6,000 per annum, (€9,000 or \$10,000 p.a.), except for the Public Sector Interest group which is £3,000 per annum, (€4,500 or \$5,000).

## Whom should I contact?

If you would like to join the BBRT or require an application form or further information, please contact:

**Dr Peter Bunce**  
BBRT Director  
BBRT  
First Floor, 745 Ampress Lane  
Lymington  
Hampshire SO41 8LW, UK

Tel: +44 1590 679803  
Fax: +44 871 266 4125  
Email: peterbunce@bbrt.org  
Website: www.bbrt.org.